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MMARS Policy: Audit

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Protocols for Audits, Audit Follow-up, Department Initiated Audit Activity

Executive Summary

The purpose of this policy is to clarify the protocol to be used by state departments when contacted by federal audit authorities regarding the Statewide Single Audit (SSA) or other audits or program reviews. This document also includes policy for department-initiated audit activity.

Considerations

Three general types of audit activities are discussed in this policy. Two types of activities are federally initiated and one type is department-initiated activity, as follows:

- Notification to a department by federal authorities of the intent to perform an audit.
- A request from federal audit authorities for additional information on an existing audit finding.
- Department-initiated audit activity.

Policy

Federal Audit Activity – Type One

The first type of federal audit activity involves notification to a department by federal authorities of the intent to perform an audit. Federal regulations ([Office of Management and Budget \(OMB\) Circular A-133, Section 215](#)) provide that federal auditors must build upon any work already done in the SSA. Therefore, the steps to be taken are as follows:

1. The department must notify the Office of the Comptroller (CTR), while the federal auditors must notify the federal cognizant agency (Department of Health and Human Services) of audit intent.
2. CTR will coordinate a visit with the independent audit firm conducting the single audit so the federal authority may review the single audit work papers.
3. The federal auditors may then begin the audit.

Federal Audit Activity – Type Two

The second type of federal activity involves a request from federal audit authorities for additional information on an existing audit finding, such as documentation of the current status of a department's corrective action plan as presented in the single audit reports. The actions to be taken in this case are as follows:

1. If the request is made directly to the department, the department should respond to the request, and send a copy of any written documentation to the CTR Federal Reporting and Accounting Bureau, or
2. If the request is made directly to CTR, the Comptroller's Office will refer the request to the applicable department. A copy of the response should be sent to CTR.

Department-Initiated Activity

CTR encourages responsible financial management. CTR has no desire to deter state agencies from arranging for any additional audits that they believe necessary. However, these audits must be coordinated in advance with the CTR Department Assistance Bureau. Departments planning to hire outside auditors must contact CTR to arrange for a meeting as early in the process as possible. Until the CTR approves the engagement, departments must not enter into any contracts with independent auditors. See [Auditor Independence Policy](#).

Departments that plan to engage independent auditors to perform audits or program reviews should be aware that state and federal regulations require that CTR coordinate the protocol used by auditors at any state department, agency, or institution. CTR ensures that departmentally procured audits are consistent with other state government audits, and that the results will be available for incorporation into the Statewide Single Audit, if appropriate.

Internal Controls

Department procedures for audit related activity should include provisions to notify CTR, as required by this policy.

Information Sources

- Related Procedure – None
- Legal Authority – [Office of Management and Budget \(OMB\) Circular A-133, Section 215](#); [M.G.L. c.7A](#).
- Attachments - None
- Links – None
- Contacts – [CTR Help Desk](#)
- [Office of the State Comptroller website](#)

Revision

- November 1, 2006- Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.